Fergie Balfour has an enviable track record for leading company turnarounds, such as at Calvin Klein and Birds Eye. Now he is taking on Unilever's Food Solutions business in Asia, Africa and the Middle East. Anthony Landale spoke to him about how he unlocks energy in people and organizations.
What does an effective business leader do? He or she makes it possible for others to do, and be, their best. Simple as that. And the way to do that is by unlocking people’s energy and belief that is so often missing at work.”

The words are those of Unilever’s Fergie Balfour. And he should know what he’s talking about. Balfour arrived at Calvin Klein in 2004 when the company had not performed well for some years – and in just over 12 months he had the business back in double-digit growth and had helped restore its reputation as one of the leading fashion brands in the world. Not content with that, he then went on to lead the revival at Birds Eye – bucking the market decline in frozen foods and playing an integral part in the sale of that business to Permira for £1.725 billion at the end of 2006.

Balfour epitomizes the new breed of 21st century business leader: restless, energetic and believing wholeheartedly that business success and personal fulfilment can co-exist. How? By challenging people to take ownership of their work and by encouraging people to make things happen and reap the rewards of their enterprise.

“What’s the difference between successful and poorly performing companies? It’s not about the commitment of people,” explains Balfour. “Rather, in those companies where decline has happened, you will find that employees think that what they do makes no difference. That’s the sticking point. And it’s my job to shift this victim mentality.

“And I’ve seen that transformation occur. All I have to do as a leader is help people to get in touch with their fundamental beliefs and take obstacles out of their way. Then they will walk through walls. Business world won’t wait for those who are attached to the past; and companies like Unilever have recognized that, unless they provide freedom, opportunities and development for their leaders, they will lose their best and brightest recruits.

But stop. Who exactly needs to be a leader today? The answer to that is everybody – from shop floor to front-line sales and marketing, from R&D and logistics to finance and HR. In this respect, leadership is about people everywhere taking initiative and responsibility: leading the project, leading the customer, leading the team. It’s the matrix world in action. People who are leading in one area are following in another. Rigid hierarchies are barriers to effectiveness, and learning and enterprise are the watchwords for those with ambition. But don’t mistake this for not having clarity about the direction the business is going in.

Not surprisingly given this context, leaders who are emerging from today’s universities and business schools need to understand what leadership involves early in their careers. And one question that starts to shape their approach to leadership is this: Why should anyone want to follow you? (Or, as Rob Goffee and Gareth Jones, phrase it: Why should anyone be led by you?)

The answer to this question can only be discovered by self-enquiry, because it points to the need for authenticity. Followers want to follow leaders, not because they are told to, but because they want to. And, in turn, this means they want to know what their leader stands for, what he or she can be counted on for and, most importantly, in what direction the leader is heading.

There are no stock answers to these questions. Leaders need to look inward for their own personal response, so this enquiry leads people to investigate and learn about their leaders’ personal values, their beliefs and the reputation they want to build for themselves. Leaders may also find that, as they build their self-awareness, they start to see the various ways in which they restrict themselves via self-limiting beliefs. And this is especially powerful, because all too often people – even leaders – dismiss as unattainable those futures that might otherwise spark their imagination.

Looked at from another perspective, what leaders, at all levels, need to examine is how they present themselves. This means considering what...
impact they have on the people around them, what energy they bring to work and what filters are shaping their ambitions, actions and behaviours. What this points to is an understanding that Balfour also adheres to, namely that major transformations do not come from building new skills or competencies but, rather, from people changing the lens through which they are looking at the world about them.

Says Balfour, “I only wish that I had had the opportunity to have development that covered this territory when I was starting out on my career. Knowing what your values are, what impact you want to have and what gets in the way: these are core considerations for leaders. We all have to know what we stand for, and we have to be able to put ourselves across in a way that is both authentic and engaging.”

Leadership in action
Balfour has no doubt that leaders can significantly impact the direction of organizations. But all leaders have their own style. What has helped him be successful? His tenure at Calvin Klein (CK) provides many clues.

“When I went to CK, people immediately asked me whether the company would be sold. The answer to that was ‘maybe’ - but for me, it wasn’t the right question. I was far more interested in how we could become again the company that had once led the industry. What would that take?

“I tend to lead from engagement rather than from direction because I’m acutely aware that my people will know far more about the technical nature of the business than I ever will. I can’t tell them what to do, but I can start to enrol them in their own sense of purpose. In the case of CK, while I realized I’d never understand as much about fragrances as my staff, I could immediately see that people were not feeling engaged in what they were doing. There was no real sense of ownership for their work. It was my job to find a way to bring their sense of belief back.”

Balfour utilizes effective business relationships to help him achieve his goals. One excellent example is Peggy Elsrode, who at the time ran the duty-free operation for CK worldwide. Spending time with Peggy as she worked enabled Balfour to see CK operations through her eyes - and he quickly agreed with her that her operation provided a major new opportunity for the business. As a result, he backed her proposed initiatives, went out of his way to remove obstacles that were impeding her and used her as an exemplar for the sort of transformation that was both desired and possible.

The result? Elsrode’s business unit became the first part of CK to show growth and was a beacon to others that CK could grow and succeed again.

Another example of success that happened because Balfour chose to work with managers on a one-to-one basis: Laura Klauberg, marketing director worldwide at CK, approached Balfour with an idea for a new film advertising the fragrance, “CK1”. The problem? It was going to cost an eye-watering $5m.

“Laura was not sure if this was worth it but I said to her that, if it was a good idea, we’d do it. She showed me the film, and it was a great idea. How do you know that your decisions will work out? You don’t. I might have been wrong, but I backed my instinct that Laura’s judgement was excellent and then helped her to make it happen. It released all her energy because she really believed in it, and the commercial was a worldwide success.

“What this illustrates is that when you are the leader and are always looking to approve everyone’s actions, it acts like treacle, suppressing the organization. As a business leader, you need to get used to backing your judgement; so it was my job to help Laura see that. She really flourished from that moment and produced top-class work on many launches after that, culminating in the hugely successful global launch of ‘Euphoria’.”

Balfour also ensures that he combines the people side of leadership with a fierce focus on results. In this context, he always sets stretch targets that may feel unattainable to the individual; but Balfour only sets goals that he estimates people can reach if they are truly focused and motivated. “At CK, the plan for the year in which I arrived was to deliver $650m. But almost as soon I got there, I heard people stating that their related targets were too ambitious; they didn’t think they’d hit them. That’s when I drew a line in the sand. As a group of leaders, they had come up with these forecasts; and so I told them that they were going to deliver those figures. We had to get into the habit of doing what we said we were going to do. In that way, we would not only establish a more positive culture, we would gain the confidence of the whole company, which would then leave us alone to get on with it.”
A leadership manifesto

If leadership involves getting the best out of people, then how do you go about it? One way is to follow the guidelines in Balfour’s “leadership manifesto”:

**Create the right environment in which talent can perform.**
Leaders don’t solve problems. They create an environment in which people can perform and where diversity is valued and harnessed. They care as much about feelings as about finance. They do this because they wish to avoid creating organizations that break the soul and spirit, organizations that reduce rather than build human potential.

**Engage the hearts, minds and, most importantly, the soul.**
Effective leaders run organizations more by values than by policies. They encourage innovative working practices that allow flexibility on input and clarity on output. Outstanding performance can then be delivered alongside people’s personal goals and commitments. Leaders make sure that there is “play time” and balance in worker’s lives. They build an organization that is worthy of people’s commitment.

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“Of course my colleagues didn’t know how they were going to achieve these results, and neither did I; but this insistent focus on delivery started to change people’s expectations and behaviour. They delivered in that first month to the dollar – no more, no less. It was the first time they’d hit a target for a long time. And then we went onto the next month. It was short term, it was motivational and it got them looking at what they could achieve.”

**When it all goes belly up**
But even the biggest leaders get it wrong. Sometimes.

In Fergie Balfour’s career, the wake up call came in Indonesia. “I was running the detergent business for Unilever and was up against a Chinese operator called Wings. Their proposition was devastatingly simple – distribute in all the same places as Unilever but sell their product for 30 per cent less.” Initially Balfour wasn’t concerned. He was interested in value share rather than volume share, and he started to charge more for his products. Brand loyalty, he felt, would more than compensate for the loss of volume to a low-cost competitor.

The problem? “As a leader, it’s a death knell when you start to believe your own public relations. I simply refused to see what the figures were telling me: how fast we were losing market share. Every business has to act on bad news, and I was hiding from it. Eventually the CEO called me into his office and confronted me with the brutal reality. He hadn’t lost his belief in me, he said, but if I ever did anything like this again, he said he would personally fire me. He also told me that if I wanted the opportunity to rectify the situation, I had to publicly admit my responsibility in getting the business into such a mess.

“As a result of this conversation, I went on stage at the next management conference and, in front of around 400 managers, I apologized. I said that I took full responsibility for the situation; I’d really messed up. I also asked them for their help to turn it around. It was a painful lesson, but what I subsequently discovered was that people were willing to support me. People respect leaders who tell the truth; and within a year we had corrected our pricing, launched a new product and re-established the business.”
Confronting the truth has subsequently become one of Balfour’s personal maxims about leadership. “Sometimes you have to bring in the external world to help people see what needs to be done. The truth can hurt, but continuous failure is a lot more damaging. A colleague of mine recently went to South Africa; and when she was reviewing the status of the business, she went to some investment bankers to test their view of its growth plans. They told her that, based on her presentation, they would have no interest in investing in her business. So, she asked them to come back in six weeks; they did, and, when she proposed a radically different proposal, they agreed that they would give her half of what she was asking for.

“The point here is that Unilever actually rarely needs external finance to support any of its new developments, but what these financiers brought was extraordinarily useful. They told her the truth about the future of the business – and this has a unifying impact.”

The energy formula

Fergie Balfour looks at leadership from many angles; and, when it comes to transformation, one of the key resources he refers to is people’s energy. This focus on energy is one that is new to many leaders. And it has little to do with hard work. Anyone can spend 12 hours a day in an office, but bringing energy to bear is quite different from this.

Looking at an example of energy at work, it is easy to see that most companies recruit for intellectual energy. They want the brightest and the best. But intellect isn’t enough if people need to engage and enrol a team. What we know from the work of people like Daniel Goleman (Social
Intelligence: The New Science of Human Relationships, Bantam, 2007) and Danah Zohar (Spiritual Capital, written with I.N. Marshall, Bloomsbury, 2004) is that emotional and spiritual energy are also critical energies that leaders need to harness. Why? Because with this sort of energy, leaders can relate to others powerfully, instil belief in what they are proposing and act with passion.

In essence, leaders with access to their right brain as well as their left brain have a far better chance of inspiring people so that they want to work, so that they bring their best to their projects and find meaning and purpose in their working lives.

Does Fergie Balfour do this? This is what he aspires to do, and his message is certainly powerful in this respect. Almost anything, he believes, is possible if people only dare to reach out for it. And because he is in touch with his own sense of possibility – and has a track record to back him – it is hard to disagree.

Balfour, it appears, has the gift of making leadership appear simple. He goes into businesses, asks lots of questions, listens carefully to what people are telling him and makes brave decisions. He’s an entrepreneur who likes co-inventing; and through strong business relations, people not only work but create their own entrepreneurial miracles. He will quickly tell you that the people he leads are always achieving goals for themselves, that it is their business and their reputation that they are building; but he is assuredly blessed with the gift to inspire. Would they have achieved their goals without him? Would they even have set those goals? If the past is any indication, Balfour’s greatest management talent is getting the best from those around him.

Leaders with access to their right brain as well as their left brain have a far better chance of inspiring people.

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